

SENATE RECORD VOTE ANALYSIS

104th Congress
1st Session

Vote No. 158

May 9, 1995, 5:13 p.m.
Page S-6324 Temp. Record

JAPAN TRADE BARRIERS/Passage

SUBJECT: A resolution concerning trade sanctions against Japan . . . S. Res. 118. Passage.

ACTION: RESOLUTION AGREED TO, 88-8

SYNOPSIS: S. Res. 118, a resolution concerning trade sanctions against Japan, would express the sense of the Senate that the Senate regrets the collapse of negotiations between the United States and Japan to make sharp reductions in the trade imbalances in automotive sales and parts by eliminating restrictive Japanese market-closing practices and regulations. Further, if negotiations under Section 301 of the Trade Act of 1974 fail to open the Japanese auto parts market, the Senate strongly supports the decision by the President to impose sanctions on Japanese products in accordance with Section 301.

Those favoring passage contended:

Two years of negotiations with Japan on the elimination of its trade barriers to U.S. automotive parts collapsed last Friday, May 5, 1995. President Clinton has appropriately promised trade sanctions against the Japanese if this impasse is not quickly resolved. We strongly support such sanctions.

Japan closes its automotive markets to United States imports in order to charge artificially high prices to Japanese consumers. It then uses its excessive profits to subsidize exports, making them artificially more competitive. Japanese cars and parts cost more in Japan than in the United States. The devastating result of this policy has been to increase greatly the trade deficit with the United States. In fact, 56 percent of the enormous \$66 billion trade deficit we had with Japan last year was attributable to trade in cars and auto parts.

The only beneficiaries of this policy are the Japanese auto manufacturers. The Japanese people must pay more for Japanese cars and parts because the "Karetsu" system of interrelationships between Japanese car manufacturers, suppliers, and dealers has kept the American share of the market below 1 percent. Japanese consumers would certainly appreciate being able to buy American replacement parts because Japanese parts, on average, cost 340 percent more, but the large Japanese manufacturers will not allow

(See other side)

YEAS (88)				NAYS (8)		NOT VOTING (4)	
Republican (46 or 90%)		Democrats (42 or 93%)		Republicans (5 or 10%)	Democrats (3 or 7%)	Republicans (3)	Democrats (1)
Abraham	Hatch	Akaka	Hollings	Hatfield	Bradley	Grams ⁻²	Moynihan ⁻²
Ashcroft	Helms	Baucus	Kennedy	Kassebaum	Inouye	Specter ⁻²	
Bennett	Hutchison	Biden	Kerrey	Kyl	Johnston	Warner ⁻²	
Bond	Inhofe	Bingaman	Kerry	McCain			
Brown	Jeffords	Boxer	Kohl	Packwood			
Burns	Kempthorne	Breaux	Lautenberg				
Campbell	Lott	Bryan	Leahy				
Chafee	Lugar	Bumpers	Levin				
Coats	Mack	Byrd	Lieberman				
Cochran	McConnell	Conrad	Mikulski				
Cohen	Murkowski	Daschle	Moseley-Braun				
Coverdell	Nickles	Dodd	Murray				
Craig	Pressler	Dorgan	Nunn				
D'Amato	Roth	Exon	Pell				
DeWine	Santorum	Feingold	Pryor				
Dole	Shelby	Feinstein	Reid				
Domenici	Simpson	Ford	Robb				
Faircloth	Smith	Glenn	Rockefeller				
Frist	Snowe	Graham	Sarbanes				
Gorton	Stevens	Harkin	Simon				
Gramm	Thomas	Heflin	Wellstone				
Grassley	Thompson						
Gregg	Thurmond						

EXPLANATION OF ABSENCE:

1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

those parts to be sold in Japan. Americans, too, are hurt by this policy. At present 2.3 million people are employed in the U.S. parts industry and 700,000 are employed directly by the automakers. If Japan were to open its market to the U.S. auto industry, tens of thousands of new jobs would be created.

Last October, the United States Trade Representative opened an investigation under Section 301 of the Trade Act of Japan's barriers to automotive parts. Section 301 permits tariff retaliation against unfair trade practices. If Japan does not quickly relent and open its market, we strongly encourage imposing sanctions under Section 301. Over the past few months the Japanese response to threatened sanctions has been alternatively to dismiss them as not serious, to insist that their market will remain closed even if they are imposed, and to decry them as illegal under the newly created World Trade Organization (WTO). This last response has been accompanied with the threat to drag the United States before the WTO if sanctions are imposed. We welcome such an action. The United States will defend its sanctions vigorously, and it should prevail because sanctions are justified. The WTO is a new organization, and this dispute can be used as a test case to determine its fairness. If it proves it is worthless by ruling against the United States, we should then withdraw from it.

Japan still has time to relent, but that time is dwindling. Sanctions are warranted, and soon. We therefore strongly support this resolution.

Those opposing passage contended:

We agree that Japan's trade barriers must come down. However, the Administration's sanctions, which this resolution supports, will fail. Declaring a unilateral trade war on Japan will leave the United States isolated. Europeans, Latin Americans, and Asians, fearing similar treatment in the future, will line up in support of Japan. Currency markets will react badly, lowering the value of the yen to the dollar. Additionally, Japan may switch its reserves from dollars to deutschemarks, possibly causing the dollar to lose its position as the international reserve currency. If the dispute ends up in the World Trade Organization (WTO), the United States will lose no matter what the ruling is. If the WTO rules in favor of the United States, Japanese support for the international trading system will decline. If Japan wins, political pressure to pursue protectionist, isolationist trade policies will mount. An appropriate solution to this problem would be to depoliticize our trade relationship by setting up a bilateral dispute resolution mechanism similar to the mechanism in the United States-Canada free trade agreement. Supporting the trade war that is being started by President Clinton would be a grievous mistake. We therefore urge rejection of this resolution.